

Distribution Options

Distributions must be at least annually in frequency. No interest will be paid on the monthly interest posting date after the account has been distributed in full. There is no penalty for early distribution from a Section 457 plan.

At the time of separation from service, you have the following five distribution options:

Option 1: Receive a lump-sum payment consisting of the balance in the account. If you choose to receive distribution of your funds in a lump sum, the entire amount must be distributed to you no later than April 1 of the calendar year following the calendar year in which you either attain age 70 ½ or retire, whichever is later. The IRS requires RSA-1 to withhold 20% of the lump-sum distribution for federal income tax.

Option 2: Receive a partial distribution followed by equal monthly payments. If you choose to receive distribution of your funds in equal monthly payments, the distribution must begin no later than April 1 of the calendar year following the calendar year in which you either attain age 70 ½ or retire, whichever is later. Checks are mailed and electronic deposits are made the last business day of the month.

Option 3: Receive a partial distribution and leave the balance in your RSA-1 account until you have reached age 70 ½.

Option 4: Receive a monthly disbursement, provided the monthly distributions comply with the limits imposed by Section 457 of the Internal Revenue Code.

Option 5: Delay distribution of funds until a future date at which time any one of the above options may be chosen. Current IRS regulations require that distributions begin no later than April 1 of the calendar year following the calendar year in which the employee attains age 70 ½ or retires, whichever is later.